



U.S. Department of Justice

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For Immediate Release:

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EVENT: Sentenced

Defendant: Karl Hedke

**FORMER LOAN OFFICER AT WYANDOTTE FEDERAL CREDIT
UNION SENTENCED TO 64 MONTHS PRISON**

Karl Hedke, formally a member services/loan officer at the Wyandotte Federal Credit Union in Wyandotte, Michigan was sentenced yesterday to 64 months' imprisonment based on a conviction for bank fraud, announced Stephen J. Murphy, United States Attorney for the Eastern District of Michigan, and Andrew G. Arena, Special Agent in Charge of the Detroit Division of the Federal Bureau of Investigation.

Hedke pleaded guilty to this charge in October 2006, before U.S. District Judge Patrick J. Duggan. At the sentencing hearing, Judge Duggan also ordered Hedke to pay \$1,494,131.96 in restitution to Wyandotte Federal Credit Union. In addition, Judge Duggan ordered him to serve a 4-year term of supervised release following his release from prison. Hedke, 46 years old and a resident of Wyandotte, Michigan, will voluntarily surrender to the Federal Bureau of Prisons to serve his sentence.

In imposing the sentence, Judge Duggan observed that it was important that the sentence he imposed accurately reflected the seriousness the offense committed by Hedke.

Kathy White the President and CEO of Wyandotte Federal Credit Union also spoke at the hearing. Ms. White informed the court that Hedke's actions were not just a breach of his fiduciary responsibility to the credit union, but they had a serious impact on employees he had worked with and who had trusted him. She made it clear that the credit union took this criminal activity seriously and customers could rest assured that no member accounts or member information had been compromised.

United States Attorney Murphy said, "Today's sentence shows that supervisors of financial institutions who abuse their positions in the commission of fraud against those institutions will serve substantial time in prison. Fraud against financial institutions and their customers is often complex, fact intensive, and difficult to unravel. Much credit for the success of this prosecution is owed to the excellent and invaluable forensic accounting work done by Wyandotte Federal Credit Union and the thorough investigation of the FBI."

At the time of Hedke's criminal activities, 1993 through 2006, he was a member services and loan officer at Wyandotte Federal Credit Union in Wyandotte, Michigan. In May 2006, mail relating to a WFCU member account was returned to the institution stamped "no such number." WFCU employees pulled the account records and determined that the address on the mail was the same as the address on the account. Suspecting that fraud might be involved, credit union officials did an investigation that revealed that 58 fraudulent files had been opened by Hedke beginning in 1993. In committing his scheme to defraud, Hedke opened loans involving 413 credit commitments over the 13 year period. Hedke opened the accounts using false names and identification information and kept the loans current by paying them with subsequent fraudulent loan proceeds.

The criminal investigation of this case was conducted by the FBI, with assistance from Wyandotte Federal Credit Union personnel.